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FM AMEMBASSY MEXICO

TO RUEHC/SECSTATE WASHDC PRIORITY 8112

INFO RUEHXC/ALL US CONSULATES IN MEXICO COLLECTIVE PRIORITY

RHMFIS/DEPT OF ENERGY WASHINGTON DC

RUEHC/DEPT OF INTERIOR WASHINGTON DC

RHEHAAA/NSC WASHINGTON DC

RUEHBO/AMEMBASSY BOGOTA 4257

RUEHZP/AMEMBASSY PANAMA 2463

RUEHTG/AMEMBASSY TEGUCIGALPA 1922

RUEHSJ/AMEMBASSY SAN JOSE 1921

RUEHGT/AMEMBASSY GUATEMALA 3866

RUEHSN/AMEMBASSY SAN SALVADOR 2729

RUEHMU/AMEMBASSY MANAGUA 1082

UNCLAS SECTION 01 OF 02 MEXICO 002616

SENSITIVE, SIPDIS

STATE FOR WHA/MEX, WHA/EPSC

STATE FOR EEB/ESC (MCMANUS AND DUGGAN)

STATE FOR L/OES (MCDONALD) and OES/OPA

DOE FOR G.WARD AND A.LOCKWOOD

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TAGS: [ECON](#) [ENRG](#) [EINV](#) [PGOV](#) [SENV](#) [MX](#)

SUBJECT: MEXICO READY TO SUPPORT THE ECONOMIC AND CLIMATE CHANGE
PARTNERSHIP OF THE AMERICAS

¶1. (SBU) Summary: Energy Secretariat officials told State/WHA's visiting Director for Economic Policy and Summit Coordination that Mexico supports the Economic and Climate Change Partnership (ECPA). The GOM wants to highlight an ongoing initiative to promote North American standards for household appliances in Central America. GOM officials reacted positively to the U.S. proposal to provide targeted technical support to the Central American electrical interconnection project, and promised to give sympathetic consideration to U.S. participation as observer of the associated policy-level process. End Summary.

¶2. (SBU) Matt Rooney, WHA Director for Economic Policy and Summit Coordination and ECONOFFs met August 24 with Mexican Energy Secretariat officials (Aldo Flores, Director General for International Affairs; Leonardo Beltran, Director for International Negotiations; Brenda Melendez, Director for Latin America) to discuss next steps for ECPA.

¶3. (SBU) Mexican officials opened by expressing their support for ECPA and asking Rooney about next steps. Beltran noted that Mexico supports the Latin American Energy Association (OLADE) and suggested that OLADE could be used as the secretariat or technical arm of ECPA. (Note: OLADE, the umbrella association of the LAC Energy Ministers, is heavily influenced by Venezuela, and counts Cuba, Ecuador, Nicaragua, Venezuela, and Bolivia among its members. End note.) Rooney responded that the US already is looking at the OAS and other regional organizations to provide that kind of technical support, but assured the GOM officials that the U.S. understood the need to engage the broadest circle of regional institutions in ECPA.

REGIONAL ELECTRICITY CONNECTIONS

¶4. (SBU) Rooney raised US interest in the SIEPAC Mexico-Central America-Panama electricity connection project under the Mesoamerican plan. He suggested that ECPA provided the U.S. with an opportunity to support SIEPAC by helping encourage energy reforms and further liberalization in the region. He also noted that the US previously held an observer role in the Mesoamerican Summits process and suggested that this observer role could be revived. Flores said that while he personally supported the idea, other countries in the region might not support having the USG participate as an observer.

¶5. (SBU) Emphasizing that the electricity interconnection project

has been a success because it is pragmatic and focused, Beltran said the last unfinished piece in Guatemala should be completed by the end of 2009. He welcomed US support for the process, and noted that financial and technical assistance via OPIC, USAID and other organizations would be useful. Flores added that many countries in the region are suffering from reform fatigue, and discussing further reforms would not advance the process far. Central America is lacking infrastructure, said Flores, and what are really need now are concrete projects to improve regional integration.

¶6. (SBU) Flores lauded the model USAID used in the Dominican Republic in which local experts were used as advisors and suggested such an approach would be worth replicating. For example, Mexico could offer some of its experts as advisors. On financing, Flores recommended channeling funds through some regional banks. The Central American Development bank, for example, is more efficient and less bureaucratic than the larger development banks or the OAS.

INTEREST IN ENERGY EFFICIENCY PROJECTS

¶7. (SBU) Rooney asked the GOM participants in the meeting to expand on their ideas for ECPA initiatives. Beltran said that energy efficiency projects provide the greatest impact for the least cost. Mexico has an appliance exchange program which replaces old refrigerators, light bulbs and air conditioners with newer, more energy efficient models. Beltran added that the GOM is considering replicating this model in other countries including Brazil. Mexico would like to work on introducing an appliance standard throughout the region, both for energy efficiency as well as competitiveness

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reasons. Rooney and Beltran agreed that it would be difficult to create these standards, given the lack of a regional mechanism to harmonize standards. Beltran also mentioned Mexico's Wind Energy Research Center in Oaxaca. The GOM is already in contact with the National Renewable Energy Laboratory about possible collaboration on this center. Beltran was open to Rooney's suggestion that this Center could form part of a hemispheric network of renewable energy centers in the hemisphere, which would also include centers in Chile and Peru.

¶8. (SBU) Comment: The GOM has been supportive of ECPA from the outset, having immediately grasped our intention to depart from old approaches to this often intractable issue. The ideas they have brought forward are supportive of U.S. goals for ECPA and have the right balance of regional vision and practical payoff. They would welcome our support as they develop an implementation plan.

PASCUAL